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California Farmland Conservancy Program

Focus on Farmland

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This edition of Focus on Farmland features:

- CFCP Easement Grants in Solano and Yolo Counties
- Central Public Registry of Conservation Easements to be Established
- New Federal Tax Incentives for Conservation Easement Donations
- CFCP Releases Prop 12 Report and Model Easement Updates
- Department of Conservation Welcomes New Assistant Director
- Upcoming Events

Solano Land Trust Expands Vacaville–Dixon Greenbelt

A newly completed easement in Solano County permanently shields 237 acres of prime farmland from development and expands the greenbelt between the cities of Vacaville and Dixon. Grants from the California Department of Conservation and the USDA Natural Resources Conservation Service made it possible for Solano Land Trust to establish an agricultural conservation easement on the acreage, which adjoins the Vacaville–Dixon Greenbelt. Each agency contributed \$462,500 toward the easement purchase.

The land was farmed by members of the Escano family until they retired in the early 1990s. The property then was leased to Tom Galindo, a tenant farmer. The farm was sold to the Galindo family in July 2006 with an agricultural conservation easement, held by Solano Land Trust, in place.



The Escano Farm in Solano County. Photo by Greg Kirkpatrick.

The transaction further reduces pressure from rural ranchette development in the Dixon Ridge area. With the development potential of the land removed, the Galindo family was able to purchase the farm based on its agricultural value.

"We're very pleased to have permanently preserved this prime farmland while making it possible for the Galindo's to purchase the property," said Marilyn Farley, executive director of the Solano Land Trust.

"As the state's population continues to grow, it becomes increasingly important to preserve our top-quality farmland such as this acreage in Dixon Ridge," said Department of Conservation Director Bridgett Luther.

The Solano Land Trust's mission is to preserve farmland and open space. The nonprofit group owns about 10,500 acres worth \$16 million and has conservation easements on 5,800 acres.

CFCP Funds Agricultural Conservation Easements in Yolo County

The California Farmland Conservancy Program recently funded two projects totaling 290 acres of farmland in Yolo County. The properties have been permanently preserved for agricultural use through agricultural conservation easements held by the Yolo Land Trust, using funding that included about \$810,000 in CFCP grants.

One of the newly protected Yolo County properties is the 137-acre Pollock Farm, which has significant agricultural, historical and aesthetic value. Located within 1.5 miles of Woodland's sphere of influence and just southeast of the community of Yolo, the Pollock Farm is adjacent to an Interstate 5 interchange. The property fronts a $\frac{3}{4}$ -mile stretch of Cache Creek, which provides important wildlife habitat. The property was part of the Yolo Orchards, an early agricultural enterprise in the county. Buildings onsite include an old Wells Fargo stage stop and bank building dating back to the late 1800s.

The farm, owned and farmed by Herb and Lynnel Pollock with their sons Brad and Greg, grows a variety of commodities, including specialty seed crops. The family has farmed in Yolo County since the 1890s and is a leader in the agricultural community. Lynnel Pollock has been a strong advocate for agriculture in Yolo County. In addition to previously serving two terms as a county supervisor, she has been president of the local Farm Bureau, was one of the founders of the Yolo Land Trust and currently is Executive Director of the Cache Creek Conservancy.

"As a county supervisor I have seen the intense pressure there is to develop prime farmland such as this farm," Pollock said. "We purchased this farm with the intention of permanently protecting it with an agricultural conservation easement. It gives me great satisfaction to look across these fertile fields and know that this farm is preserved for farming."

Herb Pollock heads the family's farming operation and has served the agricultural community in various positions over the years. He currently serves on the board of the California Corn Growers Association and is on the board of the Knights Landing Ridge Drainage District. "My family began farming in Yolo County over a hundred years ago and my boys are continuing that heritage," he said. "This soil is the best there is and it is essential to protect it, because once it's lost, it is lost forever, and there's no replacement."

The second Yolo County project is on the 151-acre Butler Farm, half a mile south of the town of Madison. The community is among the unincorporated areas that the county is considering for potential future growth. The Butler Farm is a key acquisition because while Madison isn't currently a growth hotbed, it is adjacent to land owned by a developer that is advancing a development proposal. Lewis H. Butler, a retired attorney living in San Francisco who was a founding member of the Planning and Conservation League, owns the property. The land is leased to a local farmer who grows field and row crops such as tomatoes, wheat and barley. Twenty acres are sublet to another farmer who has planted California native grasses for seed.

Governor Signs Bill Establishing Central Public Registry of Conservation Easements

Governor Schwarzenegger signed [Senate Bill 1360 \(Kehoe\)](#) on September 28, 2006, which establishes a central public registry under the Secretary of the Resources Agency for conservation easements. The bill applies only to conservation easements held or required by the state, or purchased with state grant funds on or after January 1, 2006.

The registry will include the date the easement was recorded, the recordation number assigned by the county recorder, the purpose of the easement, the acreage and rough location of the easement, and the name of the easement holder. It will not include any landowners' personal identifying information. The bill requires that the registry be available on the Internet by January 1, 2009.

New Federal Tax Incentives for Conservation Easement Donations

Changes in Federal tax law were approved this past August that greatly enhance and expand the federal conservation tax benefits for donations of qualified interests in land, including donations of conservation easements. The new law allows donors to:

- Deduct up to 50% of their adjusted gross income in any year (up from 30%);
- Continue to take deductions for as long as 16 years (up from 6 years).
- Deduct up to 100% of their adjusted gross income in any year if the majority of that income came from farming, ranching or forestry.

This latter provision is particularly noteworthy for landowners and land trusts that focus on agricultural land resource conservation. In the past, many farmers and ranchers have had difficulty taking full advantage of qualified donations because they lacked sufficient annual income and were constrained by having only six years to take deductions. Under the new law, there are two requirements for a landowner to be able to take full advantage of this incentive. First, the donor must be a “qualified farmer or rancher,” defined as someone who receives more than 50% of their income from “the trade or business of farming.” Second, the property must be used for agriculture or livestock production, and the easement that is the basis of the donation must provide that the property remain available for such production. The new law applies to all qualified donations made in 2006 and 2007, and applies to both individuals and qualified corporations.

The new law also tightens appraisal standards for such donations, and creates stronger penalties for appraisers who violate the standards, including stiff penalties for inflated appraisals. In addition, the Internal Revenue Service has stepped up its scrutiny of land conservation donations, creating a task force to focus on strategic ways for preventing abuses while supporting legitimate conservation practices.

These provisions also appear to apply to partial donations of conservation easement value as well, which occur when a landowner makes a bargain sale and sells the easement for less than its full appraised value. Many CFCP grants include matching provisions provided by landowner bargain sales. The new provisions can serve as powerful additional incentive for land trusts to work with landowners on bargain sales, while minimizing the capital gains implications of such sales. As with all tax issues, landowners and land trusts should seek advice from experienced tax professionals to determine the actual impacts of these new provisions are for specific situations. A good source of additional information is available on the Land Trust Alliance’s Website at www.lta.org.

CFCP Publishes Report on Prop 12 Grant Results

The California Farmland Conservancy Program released a report in September summarizing the CFCP’s use of Proposition 12 funding for agricultural land conservation. The report provides an overview of how the funds were used and features the individual projects, including maps and photos, funded by the CFCP through Prop 12. In total, the CFCP provided 28 conservation easement grants from Proposition 12, preserving nearly 11,000 acres of strategic farm and ranch land. A limited number of print copies are available by request, and you can download a pdf version of the report at <http://www.conservation.ca.gov/dlrp/cfcp/stories/index.htm>.

Updated Model Easement Available on CFCP’s Website

The CFCP recently updated its model agricultural conservation easement. Grant recipients are encouraged but not required to use the CFCP’s model easement. It can be a helpful resource to those considering applying to the

CFCP for easement acquisition funding. The update also includes a checklist summarizing the key elements that the CFCP looks for during its easement review process. The model easement and checklist are available on the Web at http://www.conservation.ca.gov/DLRP/cfcf/overview/cfcf_model_easement.htm.

New Assistant Director at the Department of Conservation

Governor Schwarzenegger appointed **Brian Leahy** as the Assistant Director for the Department of Conservation's Division of Land Resource Protection (DLRP) on August 30. Previously, Brian was the executive director of the California Association of Resource Conservation Districts. In that capacity, he worked closely with DLRP's RCD Assistance Program. Brian also has experience working with ranchers and was an organic farmer for many years. Leahy was president of California Certified Organic Farmers from 2000 to 2004 and owned and managed the 900-acre Cherokee Ranch rice farm from 1980 to 2001. "The challenge we face these days is figuring out how to accommodate growth while allowing farming in the future," he said. "The fortunate thing is that people are more and more starting to value having access to locally grown food. That appreciation can help us build our programs."

DLRP administers the California Farmland Conservancy Program, Williamson Act, Farmland Mapping and Monitoring Program and the Resource Conservation District Assistance Program.

Upcoming Events

The **Great Valley Center** will hold the 2006 Sacramento Valley Forum on **October 18** in Chico. For more information, visit www.greatvalley.org or call 209-522-5103.

The **American Farmland Trust's** 2006 national conference, "Farming on the Edge: The Next Generation," will be held **November 13-15** in Newark, Delaware. For more information, visit www.farmland.org or call 202-331-7300.

The **Central Valley Land Trust Council** is hosting the Central Valley Land Trust Summit on December 1st and 2nd in Sacramento. For more information, contact Theresa Kiehn at 209-522-5103 or send an email to theresa@greatvalley.org.

The California Farmland Conservancy Program, administered by Department of Conservation's Division of Land Resource Protection, is designed to ensure that the state's most valuable farmland can be preserved. Through the program, local governments and nonprofit organizations can receive grants to purchase development rights from willing landowners, thus creating permanent conservation easements.

We hope you've found this issue of *Focus on Farmland* useful and informative. Please contact us with any questions or ideas you have for future editions. Feel free to forward this email to other interested parties.

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